

APOLLO AGREEMENT

INTRODUCTION

As a result of continuous losses in the parcels business, expected to reach between £150 million and £200 million this year, the Consignia board has commissioned a review – The Apollo review – which concluded that the only feasible alternative to total closure of the business was its radical restructuring.

CWUs response was that the full direction of the proposals contained within Apollo were totally unacceptable, and contrary to the spirit, intent and objectives of the Mixed Resourcing Agreement signed in January 2002.

However they did recognise the problems and have committed to negotiate a radical solution.

The agreed principles detailed below represent the starting point for the quantum leap change considered necessary.

AGREED PRINCIPLES FOR PROGRESSION

The development of this radical change needed to secure the future viability of a Consignia parcels business will be built from the spirit, intent and objectives of the Mixed Resourcing Agreement. All aspects of that agreement will still be considered relevant unless mutually agreed as no longer fit for purpose as this change develops.

The framework for progression will be structured around four major strands.

- Strand 1 – Standard Product/PDCs/Integration
- Strand 2 – People Issues
- Strand 3 – Depot Rationalisation/Route Design
- Strand 4 – Depot Operations and Remuneration

It is agreed that terms of reference for each strand will be developed and will ensure that adequate resource and facilities are made available to the CWU for meaningful involvement and input and that all final positions developed via each strand will require the sign off of the business and the CWU lead negotiators.

The business has made it clear that it wishes to operate the most financially advantageous model of operation in relation to collection and delivery drivers.

The business position remains that a substantial majority of owner drivers will be required to deliver the plan. However, it also remains committed to meaningfully consider any alternatives involving directly employed staff, provided they meet the required contribution to the overall recovery plan and the realised contribution achieved by the owner driver resource.

P&E and the CWU will design a new employed combined collection and delivery model by the beginning of June for trial between June and September. The merits of this model and the owner driver model will be reviewed in September 2002. The

commitments in the Mixed Resourcing Agreement are reaffirmed in this Apollo Agreement and 25% of owner drivers will be pursued in each unit in line with that agreement within this calendar year.

In respect of the commitment contained within the Mixed Resourcing Agreement regarding no individual being forced to leave the business on redundancy grounds as a result of the introduction of that agreement, that commitment is reaffirmed in this agreement.

CWU will be given access to integrated plans and operational arrangements being proposed in both P&E and across other business units. The CWU will be able to analyse, discuss and input into those plans prior to final implementation plans being agreed, and then, following implementation, will have similar involvement in any necessary review and readjustment. Part of that process will involve managerial and CWU representation from the affected business units so as to ensure cross business understanding and agreement on the operational arrangements and provisions of service, taking full account of other initiatives being developed.

It is agreed that the new Express and Next Day network being proposed will be considered part of the inter-dependence of the Letter, Parcel and Counter Operations of Consignia and its future success. To this end it is agreed that the aim in developing the new structure is to promote a successful parcel arm offering services over and above the USO including Express and Next Day within Consignia.

It is agreed that a profitable non-urgent parcel product that focuses on the strength our network will still be a service offered to the public and that Consignia will seek to develop a new sales strategy to offer products over and above simply the USO in regard to non urgent criteria. Lead negotiators will be strategically appraised on progress on this product development and a full review will be conducted in September 2002.

It is agreed that all employees will be given a genuine four way choice in respect of their preference for their future, ie. Stay in the new Express and Next Day parcels business, become an owner driver, transfer to another Business Unit within Consignia or VR. The detail of the processes to try and facilitate the genuine choice of individuals will be progressed within the people issues strand. However it is agreed in advance that VR will be available in closing units, to all who request it; equally, where VR is being used to free space for those P&E staff displaced by Apollo who wish to remain, it is agreed that no financial ceiling will be applied in the selection criteria.

In relation to strand three Depot Rationalisation it is agreed that the terms of reference for that strand will be built upon the spirit and intent of the National Depot Rationalisation Agreement. The strand will identify those elements of that agreement considered more appropriate to be dealt with at this national level, as well as those more proper to a local level. It is equally agreed that in the analysis and development of a final depot strategy both parties will give serious consideration to areas of low employment as well as other criteria for establishing unit retention.

It is agreed that a full investigation of the contingency arrangements to be put in place to protect the Express and Next Day traffic will be carried out, with full consideration being given to PDC retention and the future processing arrangements for standard and packet work and the final position agreed.

This agreement provides the opportunity for the CWU to develop alternative models to franchising which meet the benefits of this change and the Mixed Resourcing Agreement. Accordingly, franchising is not on the joint planning table whilst these alternative models are developed. This jointly developed recovery plan, and all its component parts, will be the subject of a full joint review in September 2002. That review will identify, if required, areas for further negotiation.

Both parties recognise that the overall objective is to create a parcel arm of Consignia which achieves a sustainable level of profitability along with the other objectives detailed within the Mixed Resourcing Agreement. Against that backdrop it is agreed that the progression of these plans need to be progressed as speedily as possible and should not be unduly delayed by the processes agreed.

SIGNED BY JOHN MILLIDGE ON 12TH APRIL 2002

Terry Pullinger
Assistant Secretary CWU

Jon Millidge
Director Personnel
Packages & Express